

10-11-96

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NO. 96-31380

NATURAL RESERVES GROUP, INC.,

Plaintiff,

v.

BAKER HUGHES, INCORPORATED; BAKER
 SERVICE TOOLS, a Division of BAKER
 HUGHES PRODUCTION TOOLS, INC. n/k/a
 BAKER HUGHES OILFIELD OPERATIONS, INC.;
 BAKER SAND CONTROL, a Division of BAKER
 HUGHES OILFIELD OPERATIONS, INC.;
 EASTMAN CHRISTENSEN DRILLING SYSTEMS,
 which changed its name to EASTMAN
 TELESCO COMPANY which merged with HUGHES
 CHRISTENSEN COMPANY which merged with
 BAKER HUGHES MINING TOOLS, INC.,
 n/k/a BAKER HUGHES DRILLING
 TECHNOLOGIES, INC. which merged with BAKER
 HUGHES PRODUCTION TOOLS, INC., n/k/a
 BAKER HUGHES OILFIELD OPERATIONS, INC.;
 BAKER OIL TOOLS, INC. n/k/a BAKER HUGHES
 OILFIELD OPERATIONS, INC.; EASTMAN
 TELESCO COMPANY which merged with HUGHES
 CHRISTENSEN COMPANY which merged with
 BAKER HUGHES MINING TOOLS, INC. n/k/a
 BAKER HUGHES DRILLING TECHNOLOGIES,
 INC. which merged with BAKER HUGHES
 PRODUCTION TOOLS, INC., n/k/a BAKER
 HUGHES OILFIELD OPERATIONS, INC.;
 TRI-STATE OIL TOOLS, INC.; and MILCHEM,
 INC. d/b/a MILPARK DRILLING FLUIDS,

Defendants.

IN THE DISTRICT COURT OF

HARRIS COUNTY, TEXAS

333RD JUDICIAL DISTRICT

AGREED PROTECTIVE ORDER

Upon consideration by the Court, due notice having been given and being fully apprised in the premises, the Court finds that an Agreed Protective Order pursuant to Rule 166b(5) of the Texas Rules of Civil Procedure should be entered.

IT IS HEREBY ORDERED THAT:

1. Any matter produced in the above-referenced case ("the litigation") by any party may be designated as "Confidential Information," including such matter in the pleadings, motions, and related papers, or produced or exchanged in the course of the litigation pursuant to pre-trial discovery requests, and shall be deemed confidential and proprietary information which shall be used solely for the purposes of the litigation. The "producing party" as used herein means any party who produces or designates information as Confidential Information. A party may designate as "Confidential Information" information produced by a non-party; provided, however, that such a designation shall be subject to paragraph 9 hereof, and no party hereto shall utilize such designation without reasonable justification or cause, or in a manner that shall necessitate, under the circumstances, an unreasonable expenditure of time, effort, or expense on the part of any of the other parties hereto. Any information designated as Confidential Information shall not be revealed, disclosed or made available for inspection and copying to any person or entity whatsoever, except to:

- A. counsel of record herein on behalf of a party to the litigation;
- B. employees or agents of such counsel who have direct responsibility for assisting such counsel in the preparation, trial or appeal of the litigation;
- C. employees or agents of a party and the party's insurance company or companies who have direct responsibility for assisting such counsel in the preparation, trial or appeal of the litigation, including Stephen A. Graham, who, though no longer employed by NRG, continues to have a financial stake in NRG and in the technology at issue in this litigation;

D. outside consultants and experts and their employees or agents retained by such counsel or a party to this action for the purpose of assisting in the preparation, trial or appeal of the litigation; or

E. by agreement of the parties and as required to be disclosed by any law or Court order.

It is expressly agreed by and between the parties that any information designated as Confidential Information shall not be revealed, disclosed or made available for inspection and/or copying to Haliburton Energy Services, Inc., to Sperry-Sun, and/or to any other licensee of Natural Reserves Group, Inc., including, without limitation, parents, subsidiaries, affiliates, directors, officers, employees, agents, representatives (legal and otherwise), successors or assigns of such licensees (hereinafter referred to as "Licensees").

2. "Confidential Information" as used herein includes any type or classification of information which is designated as confidential by the producing party, whether it be a document or any other tangible thing, including but not limited to e-mail, voice mail, magnetically recorded data and optically recorded data, information contained in a document, etc., information revealed during a deposition, information revealed in an interrogatory, interrogatory answer, or otherwise. In designating information as "Confidential Information," the producing party shall make such designation only as to that information which the producing party in good faith believes constitutes confidential information. "Confidential information shall be designated specifically by marking the document or thing with an identification of the producing party and the legend "CONFIDENTIAL" or by bracketing that part of the contents of each portion of a document or thing deemed to be

confidential and by marking the thing or page of a document containing the bracketed information with an identification of the producing party and the legend "CONFIDENTIAL."

3. Information disclosed at the deposition of a party or one of its present or former officers, directors, employees, agents or independent experts retained by a party for purposes of the litigation, or any non-party witness, may be designated by that party as Confidential Information by indicating on the record at the deposition that the specified part of the testimony and/or any document or things marked for identification is Confidential Information and subject to the provisions of this Protective Order. Each deposition transcript shall be treated as confidential in its entirety for a period of thirty days after the entry of this Protective Order or the receipt of the transcript by attorneys for each of the parties, whichever occurs later, provided, further, that such confidentiality shall extend to any person in attendance at the taking of the testimony. The producing party may also designate Confidential Information by notifying, in writing, all parties and witnesses at the deposition, within thirty days after the entry of this Protective Order or the receipt of the transcript by attorneys for the party, whichever occurs later, of the specified pages and lines of the transcript which contain Confidential Information. Each producing party shall cause a copy of such written statement to be attached to the face of the original transcript and each copy thereof in that party's possession, custody or control.

4. Nothing shall prevent disclosure beyond the terms of this Protective Order if the party designating the information as Confidential Information consents to such disclosure, or if the Court, after notice to all affected parties, permits such disclosure.

5. Any person listed in paragraph one of this Protective Order to whom such confidential documents in whole or in part or in any form and the information therein contained is disclosed shall be given a copy of this Protective Order prior to being provided with said information and shall be advised that he or she is subject to its provisions. Any person listed in paragraph one, subparagraphs D and E and Stephen A. Graham shall acknowledge by execution of the Agreement of Confidentiality attached as Exhibit A that he or she has read, understood and is subject to its provisions and will not disclose such confidential documents in whole or in part or in any form and the information therein contained to any Licensees or any other natural person, corporation, firm, governmental agency or association whatsoever.

6. Counsel for each party shall be responsible for maintaining copies of acknowledgments signed by those people to whom that party or his agents, employees, consultants or counsel make available such confidential documents in whole or in part or in any form and the information therein contained. Such acknowledgments shall be available for inspection by counsel for any party upon reasonable notice, except acknowledgments regarding consulting experts. Acknowledgments regarding consulting experts shall be available for *in camera* inspection by the Court, and then upon Court Order available to the parties upon good cause shown and subject to any additional Protective Order entered by the Court.

7. Nothing in this Protective Order shall preclude use or disclosure of such confidential documents in whole or in part or in any form and the information therein contained to a witness in preparation for, or during, any deposition or pre-trial hearing, provided that the terms of this

Protective Order are met and any witness given a copy of this Protective Order is advised that he or she is subject to its terms and conditions and acknowledges by execution of the Agreement Form attached as Exhibit A that he or she has read, understood and is subject to the terms and conditions of this Protective Order and will not disclose such documents or information derived therefrom to any Licensees or any other natural person, corporation, partnership, firm, governmental agency or association whatsoever. Use of such confidential documents in whole or in part or in any form and the information therein contained at trial shall be determined by the Court, or as the parties otherwise may agree. Confidential Information shall not be shown to third-party fact witnesses without a reasonable, good faith belief that such witnesses have previously seen or been exposed to such Confidential Information.

8. The producing party may designate information as Confidential Information at any time but said designation has only prospective effect.

9. A party shall not be obligated to challenge the propriety of a Confidential Information designation at the time made, and a failure to do so shall not preclude a subsequent challenge thereto. In the event that any party to the litigation disagrees at any stage of the proceedings with the designation by the producing party of the Confidential Information, the parties shall first try to dispose of such dispute in good faith on an informal basis. If the dispute cannot be resolved, the objecting party may seek appropriate relief from the Court, and the party asserting confidentiality shall have the burden of proving same.

10. The Clerk of the Court is directed to maintain under seal all documents and all transcripts of deposition testimony filed with the Court in the litigation by any party to this action which are, in whole or in part, designated as Confidential Information including all pleadings, deposition transcripts, exhibits, discovery responses or memoranda purporting to reproduce or paraphrase such information. The Confidential Information shall be filed in sealed envelopes or other appropriate sealed containers which shall be endorsed with the title of the action, with an identification of the nature of the contents of such sealed envelopes or other containers, with the word "CONFIDENTIAL" and the statement in substantially the following form:

"This contains documents which are filed in this case by [name of party/name of deponent], and is not to be opened or the contents thereof to be displayed or revealed except by Order of Court."

11. In the event that a party wishes to use any Confidential Information in any affidavit, brief, memorandum of law or other paper filed in Court in the litigation, such Confidential Information used therein shall be filed and maintained under seal by the Court except with regard to trial of these cases. It is the obligation and burden of the party designating information as confidential to obtain an additional protective order regarding the use of Confidential Information in open court including at trial.

12. All documents and things designated confidential pursuant thereto shall be maintained in the custody of the parties' outside counsel of record. Within sixty days after the entry of final judgment in the litigation, including appeals or petitions for review, the original and/or all copies of each document and thing produced by a party shall be returned to the producing party and all notes,

summaries, digests and synopses of the Confidential Information shall be destroyed. Notice of such destruction shall be given to counsel promptly thereafter.

13. Insofar as the provisions of this Protective Order restrict the use or communication of any document or information produced hereunder, such Order shall continue to be binding after the conclusion of this litigation, except that a party may seek the written permission of the producing party or further Order of the Court with respect to dissolution or modification of this Protective Order.

14. This Protective Order shall not be construed as a waiver by the parties of any objection which might be raised to the admissibility of any evidentiary material. This Protective Order shall be without prejudice to the rights of any party to oppose production of any information for lack of relevance or for any other ground.

15. Designation of matter as "Confidential Information" does not have the effect of creating confidentiality not otherwise in existence. This Protective Order shall not be construed to prevent any person from making use of or disclosing information which:

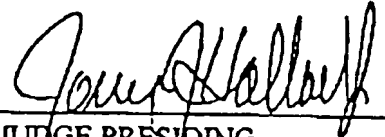
- A. was lawfully in his or her possession prior to inspection of such documents or receipt of such information;
- B. appears in any issued patent, printed publication, or other published material available to the general public;

- C. was or is hereafter obtained from a source or sources not under an obligation of secrecy to the other party or parties, except with respect to confidential information obtained from third parties by subpoena or other legal proceeding; or
- D. is exempted from the operation of this Order by written consent of the party to the litigation who produces such Confidential Information.
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16. Nothing in this Protective Order shall be deemed or construed to (1) preclude a party from seeking and obtaining, on an appropriate showing, additional protection with respect to the confidentiality of documents, testimony, court appearances or other matters, or (2) amend, supersede or revoke the Confidentiality Agreements previously entered into among the parties to the litigation.

17. By conducting the preparation, including responses to discovery, and trial of the litigation under the terms of the Protective Order, the parties do not waive, and expressly retain the right to assert in this proceeding, or in any administrative investigation or other investigation or lawsuit, the application of any common law or statutory privileges or any theory of immunity from disclosure of the confidential documents in whole or in part or in any form, the information therein contained and any other confidential information.

SIGNED this the 11th day of October, 1996.


JUDGE PRESIDING

AGREED:

BRACEWELL & PATTERSON, L.L.P.

By:



Glenn A. Ballard, Jr.

State Bar No. 01650200

South Tower Pennzoil Place

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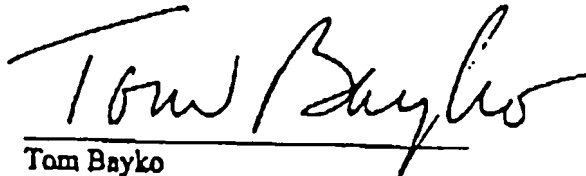
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